THE DEPARTMENT OF STATE

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In this issue

For complete contents see inside cover

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BULLETIN

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Contents

Unconditional Surrender of Germany

RADIO ADDRESS BY THE PRESIDENT[1]

[Released to the press by the White House May 8]

This is a solemn but a glorious hour. General Eisenhower informs me that the forces of Germany have surrendered to the United Nations. The flags of freedom fly over all Europe.

For this victory, we join in offering our thanks to the Providence which has guided and sustained us through the dark days of adversity.

Our rejoicing is sobered and subdued by a supreme consciousness of the terrible price we have paid to rid the world of Hitler and his evil band. Let us not forget, my fellow Americans, the sorrow and the heartbreak which today abide in the homes of so many of our neighbors — neighbors whose most priceless possession has been rendered as a sacrifice to redeem our liberty.

We can repay the debt which we owe to our God, to our dead, and to our children only by work — by ceaseless devotion to the responsibilities which lie ahead of us.

If I could give you a single watchword for the coming months, that word is—work, work, work.

We must work to finish the war. Our victory is but half won. The West is free, but the East is still in bondage to the treacherous tyranny of the Japanese. When the last Japanese division has surrendered unconditionally, then only will our fighting job be done.

We must work to bind up the wounds of a suffering world—to build an abiding peace, a peace rooted in justice and in law. We can build such a peace only by hard, toilsome, painstaking work—by understanding and working with our Allies in peace as we have in war.

The job ahead is no less important, no less urgent, no less difficult than the task which now happily is done.

I call upon every American to stick to his post until the last battle is won. Until that day, let no man abandon his post or slacken his efforts.

And now, I want to read to you my formal proclamation of this occasion:

GERMANY SURRENDERED unconditionally to Great Britain, the United States, and the Union of Soviet Socialist Republics with the signing of surrender documents at General Eisenhower's headquarters at Reims, France. The surrender terms became effective at 6:01 p. m., May 8, Eastern War Time. The document was signed in quadruplicate for Germany by Colonel General Alfred Jodl, the new Chief of Staff of the Wehrmacht; by Lieutenant General Walter Bedell Smith, General Eisenhower's Chief of Staff, for the Supreme Allied Command—United States and Great Britain; by General Ivan Suslaparov, Member of the Soviet Military Mission on the Western Front, for the U. S. S. R.; and by General François Sevez, Acting Chief of Staff, for France.

The ratification of the military surrender of all of Germany's armed forces to the Allied and Red Army High Commands took place in the Berlin suburb of Karlschorst. The act of surrender, virtually identic with that of the Reims document, was signed in the name of the German High Command by Keitel, Friedeburg, and Stumpf. Marshal of Soviet Union Zhukov signed on behalf of the Supreme Commander and Chief of the Red Army and Air Chief Marshal Tedder on behalf of General Eisenhower. Witnesses to the signatures were the Commander of United States Strategic Air Forces, General Carl A. Spaatz, and the Commander in Chief of the French First Army, General de Lattre de Tassigny.

[1] Delivered on May 8, 1945.

By the President of the United States of America

A PROCLAMATION

THE ALLIED ARMIES, through sacrifice and devotion and with God's help, have wrung from Germany a final and unconditional surrender. The western world has been freed of the evil forces which for five years and longer have imprisoned the bodies and broken the lives of millions upon millions of free-born men. They have violated their churches, destroyed their homes, corrupted their children, and murdered their loved ones. Our Armies of Liberation have restored freedom to these suffering peoples, whose spirit and will the oppressors could never enslave.

Much remains to be done. The victory won in the West must now be won in the East. The whole world must be cleansed of the evil from which half the world has been freed. United, the peace-loving nations have demonstrated in the West that their arms are stronger by far than the might of dictators or the tyranny of military cliques that once called us soft and weak. The power of our peoples to defend themselves against all enemies will be proved in the Pacific war as it has been proved in Europe.

For the triumph of spirit and of arms which we have won, and for its promise to peoples everywhere who join us in the love of freedom, it is fitting that we, as a nation, give thanks to Almighty God, who has strengthened us and given us the victory.

NOW, THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, do hereby appoint Sunday, May 13, 1945, to be a day of prayer.

I call upon the people of the United States, whatever their faith, to unite in offering joyful thanks to God for the victory we have won and to pray that He will support us to the end of our present struggle and guide us into the way of peace.

I also call upon my countrymen to dedicate this day of prayer to the memory of those who have given their lives to make possible our victory.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this eighth day of May, in the year of our Lord nineteen hundred and forty-five, and of the Independence of the United States of America the one hundred and sixty-ninth.

[SEAL]

HARRY S. TRUMAN

By the President:

JOSEPH C. GREW

Acting Secretary of State

STATEMENT BY THE PRESIDENT

[Released to the press by the White House May 8]

Nazi Germany has been defeated.

The Japanese people have felt the weight of our land, air, and naval attacks. So long as their leaders and the armed forces continue the war the striking power and intensity of our blows will steadily increase and will bring utter destruction to Japan's industrial war production, to its shipping, and to everything that supports its military activity.

The longer the war lasts, the greater will be the suffering and hardships which the people of Japan will undergo—all in vain. Our blows will not cease until the Japanese military and naval forces lay down their arms in *unconditional surrender.*

Just what does the unconditional surrender of the armed forces mean for the Japanese people?

It means the end of the war.

It means the termination of the influence of the military leaders who have brought Japan to the present brink of disaster.

It means provision for the return of soldiers and sailors to their families, their farms, their jobs.

It means not prolonging the present agony and suffering of the Japanese in the vain hope of victory.

Unconditional surrender does not mean the extermination or enslavement of the Japanese people.

STATEMENT BY THE SECRETARY OF STATE

[Released to the press by the United States Delegation to the United Nations Conference on International Organization May 8]

This day of victory over Germany must be for us a day of remembrance, and of dedication.

We remember those whose lives have been given for this cause. We remember the wounded and all those who have been separated from their homes and loved ones, in far parts of the earth and on the seas.

Our debt to them is beyond measure. They have given us one more chance to build a world order free from war.

We remember also that Germany has been defeated only because the United Nations joined their strength in the common cause, and that lasting peace will be possible only if they unite their strength for peace.

This day has given new urgency to the work of the Conference of United Nations at San Francisco. The fighting is not yet over. We have still to win the same full and final victory over Japan that has now been won over Nazi Germany. But we cannot wait for the completion of this task if we are to make sure that this time the men who fight and die will not have fought and died in vain.

The world Organization, for which we have met here to write the Charter, must be established. This alone will make possible the development of an enduring peace in which wider freedom, justice, and opportunity for all men can be made secure.

Let us dedicate ourselves anew to this sacred cause for which so many have risked and given all. May God give us the strength of wisdom and of purpose to keep the faith—with the living and the dead.

MESSAGES OF THE PRESIDENT

[Released to the press by the White House May 8]

The President to Prime Minister Churchill

With the unconditional surrender of all the armies of Nazidom and the liberation of the oppressed people of Europe from the evils of barbarism, I wish to express to you, and through you to Britain's heroic Army, Navy and Air Forces, our congratulations on their achievements. The Government of the United States is deeply appreciative of the splendid contribution of all the British Empire forces and of the British people to this magnificent victory. With warm affection, we hail our comrades-in-arms across the Atlantic.

The President to Marshal Stalin

Now that the Nazi armies of aggression have been forced by the coordinated efforts of Soviet-Anglo-American forces to an unconditional surrender, I wish to express to you and through you to your heroic Army the appreciation and congratulations of the United States Government on its splendid contribution to the cause of civilization and liberty.

You have demonstrated in all your campaigns what it is possible to accomplish when a free people under superlative leadership and with unfailing courage rise against the forces of barbarism.

The President to General Eisenhower

In recognition of the unconditional and abject surrender of the Nazi barbarians, please accept the fervent congratulations and appreciation of myself and of the American people for the heroic achievements of your Allied Army, Navy and Air Forces. By their sacrifices, skill and courage they have saved and exalted the cause of freedom throughout the world. All of us owe to you and to your men of many nations a debt beyond appraisal for their high contribution to the conquest of Naziism.

I send also my personal appreciation of the superb leadership shown by you and your commanders in directing the valiant legions of our own country and of our Allies to this historic victory.

Please transmit this message to the appropriate officers of your command and publish it to all Allied forces in your theaters of operation.

The President to General de Gaulle

The Nazi forces of barbarian aggression having now been driven into an unconditional surrender by our Allied armies, this is an appropriate time to send through you America's congratulations to the people of France on their permanent liberation from the oppression they have endured with high courage for so long.

I wish also to send to you this expression of our appreciation of the contribution made by valiant soldiers of France to our Allied victory.

STATEMENT BY ACTING SECRETARY GREW

[Released to the press May 8]

The Nazi menace is crushed at last. We are proud of our men, proud of the country which produced them and provided them with the weapons. We are thankful to our Allies. But as we give thanks for the victory won we do not forget that there is another victory which is still to win.

In the hour of triumph let us dedicate ourselves with redoubled energy to the unfinished business in the Pacific. And let us remember also that even in Europe our victory is not the end of our labors. We must assure ourselves and those to come after us that Germany shall never again have power to threaten the peace and decency of the world. We must help the peoples of the areas which Germany conquered, ravaged, and destroyed to provide themselves with the basic necessities of life in order that the institutions of freedom, preserved by arms, may not perish through want and hunger.

We must face our victory, therefore, in the sober realization that the war is not yet over, and that the work of peace—the work which will give our victory its meaning—is not yet done. It is a source of hope and confidence to us all that the labor of organizing for the preservation of peace had begun at San Francisco before the labor of war in Europe had been finished.

ADDRESS BY ACTING SECRETARY GREW[1]

[Released to the press May 8]

This is a day of magnificent victory. Let us make it also a day of solemn rededication to the unfinished work ahead. We have won a great battle in the world-wide fight for human freedom, a gigantic battle on a hemispheric scale. But—on the global scale on which we fight—we have not yet won the war. One powerful and implacable enemy has been defeated in Germany; one powerful and implacable enemy remains, in Japan. The war goes on!

The lights are going on in darkened Europe; the day of victory, there, has been proclaimed. We thank Almighty God for this triumph. We honor the heroic living and the heroic dead of the Allied armies, the Allied navies, the airmen, and the underground forces of liberation who never gave up throughout the long night of Nazi oppression.

As we pay tribute to the valor of our combat forces across the Atlantic who have won this great victory, let us also remember and pay tribute to the valor of our combat forces across the Pacific, who still fight on in the heat of the day.

For they have a tough and blood-stained road ahead of them, and it is up to us to see them through.

Although Japan is fighting alone she is strong, and she is still fighting with cunning and tenacity.

Let us not think that Japan has not prepared herself for this day of victory in Europe. Let us not think that the defeat of her Nazi ally has caught her by surprise. Let us not think that she was not aware that one day she would have to bear the full brunt of our force alone, and made plans accordingly.

Japan has been preparing herself for this for a long time—and most particularly since the successful Allied landings in Normany last June showed that Germany was going to be crushed between our forces on the west and the great Russian armies advancing inexorably from the east.

Japan has organized herself for total war on an intricate pattern in which nearly every man,

[1] Delivered over the radio networks on May 8, 1945.

woman, and child has a part to play: a part dedicated to the killing of Americans. It is up to us to see that our united force is exerted the other way.

Vast resources are still at the disposal of the Japanese. They still sit astride some of the world's great trade routes. They have millions of fighting men, war factories still out of our bombers' reach, huge stockpiles of essential materials of war, and a population that will deny itself everything the Japanese combat forces need.

Recent reports indicate that relatively few consumer goods are being produced but that all industrial productive capacity is being utilized for increasing the output of war equipment and military supplies.

All factories—large and small, and even home or family units—have been mobilized under Government control and supervision to manufacture war materials, and the Japanese claim that many of their plants are being dispersed or moved underground to escape air raids.

In nearby "Inner Zone" areas under Japanese control—Manchuria, Korea, and North China—the same intense activity is going on. Few of the large industrial plants in these areas have been touched by our bombers. These factories are near sources of raw material, are equipped with comparatively new and up-to-date machinery and manned with an adequate supply of laborers. Some are still out of range of our bombers and will remain hard to reach until we can establish bases much nearer than Okinawa.

To guarantee the transport of material to and from areas in this Inner Zone the Japanese have extensively improved railroad facilities—double-tracked many of the main lines—have built new docks, warehouses, and piers at port cities, and have mobilized large forces of dock workers to load and unload cargoes. The Japanese say that they are giving particular attention in this regard to their west-coast ports and to the ports across the Sea of Japan in Korea. Not all of these will be easy to reach with our bombers even from Okinawa.

The complete severance of communications between Japan and the southern areas will not seriously affect Japan's food situation with the exception of sugar from Formosa. The Japanese are still producing the bulk of their rice requirements and are supplementing this output with other grains and with imports from Korea. Tremendous quantities of potatoes are being grown for food and alcohol, and there are ample supplies of soya beans being produced in Manchuria.

The Japanese Government has not lost sight of the importance of winning the support of subject peoples. A few weeks ago the Japanese gave seats in their Diet to the peoples of Korea and Formosa, who have long been under the harsh domination of Japan and who are awaiting their day of liberation. Thus the Japanese Government has made a gesture of equality to these peoples—giving them the semblance of representation. Political moves of this nature are, of course, well recognized by the peoples of Korea and Formosa as empty gestures, but such moves nevertheless illustrate the firm determination of Japan to leave no stone unturned in strengthening itself for the continued prosecution of the war. The Japanese policy of establishing so-called "independent governments" in occupied areas outside of the Empire—the most recent illustration of which is Indochina—is part of the same program.

But the Japanese militarists must know, by now, that they will be crushed. The handwriting is on the wall. We are blasting their defenses by land and sea and air. We are separating Japan from her overseas conquests and gaining positions for new assaults. Our offensive is relentless and inexorable—we are determined to destroy Japan's war-making power once and for all.

But the Japanese propose to make our victory as costly as possible. They are capable of finding a mad sense of glory in fighting on alone. Theirs is a fanaticism which does not count the odds or cost in human lives. The decision, however, rests with us, not with them. And I am confident that the American people, with their Allies, knowing that peace is indivisible, will devote their full and overwhelming force to the completion of the world-wide victory so magnificently begun today.

And today, while we salute with reverence and pride our honored dead, let us have constantly in mind those inspired words of Lincoln, "It is for us, the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion; that we here highly resolve that these dead shall not have died in vain".

Commercial Arbitration in the Treaties and Agreements of the U. S. S. R.

By HOWARD J. HILTON, JR.[1]

ARBITRATION as a method of settling disputes arising out of foreign-trade transactions is a subject demanding consideration in any serious study of the commercial policy of the Union of Soviet Socialist Republics.[2] The British have had for several decades arbitration tribunals to handle practically all types of cases. The more specialized cases, such as maritime disputes and disputes relating to particular trades, are handled by special arbitration tribunals.[3] In the United States, especially since World War I, there has been an increasing emphasis on arbitration as a method of settling commercial disputes quickly and economically.[4] It is perhaps not widely known, however, that the Soviet Union has in recent years established two arbitration tribunals attached to the All-Union Chamber of Commerce of the U.S.S.R. These are the Maritime Arbitration Commission, established by decree of December 13, 1930,[5] and the Foreign Trade Arbitration Commission, established on June 17, 1932.[6]

Yet, even prior to establishing these arbitration tribunals Soviet commercial policy had provided for the submission of disputes arising out of trade transactions to arbitration for decision. The expression of this policy is reflected in part by the provisions regarding arbitration which have been included in treaties and agreements concluded between the U.S.S.R. and other countries. It is the purpose of this article to discuss the treaties and agreements of the Soviet Union with particular consideration to those which contain some reference to commercial arbitration as a means of settling disputes arising out of trade relations.

The first treaty in which a reference to arbitration was inserted was the provisional treaty with Germany signed May 6, 1921.[7] In subsequent treaties concluded during the following 20 years many other statements regarding arbitration of commercial disputes were included. Although these provisions ranged in detail from a single phrase to comprehensive agreements containing as many as 15 articles, the treaties and agreements do not reveal a pattern of historic evolution in the type of provisions regarding arbitration.

The provisions referring to arbitration included in the treaties and agreements of the U.S.S.R. vary considerably in content; however, these variations cannot be established precisely by periods of time. The provisions may be classified into essentially three categories: (1) those which establish the organization and procedure of the arbitration tribunal as well as the responsibilities of the contracting states in the execution of the awards of the arbitration tribunal; (2) those which provide only for the responsibility of the contracting states in the execution of arbitration awards made pursuant to the provisions of contracts concluded between their nationals and organizations; (3) those which mention the right of the nationals and organizations of the contracting states to conclude contracts with clauses providing that disputes arising out of the contracts may be submitted to arbitration rather than be subject to the courts of either contracting state. Of a different category

[1] Mr. Hilton is a Divisional Assistant in the Division of Commercial Policy, Office of International Trade Policy, Department of State.

[2] It should be noted that "arbitration" as used in this paper refers to commercial arbitration. With particular reference to the U.S.S.R., arbitration proceedings generally involve agencies or organizations of the Soviet Union and private individuals, firms, or corporations of other countries.

[3] The Arbitration Act of 1889 is one of the landmarks in the history of arbitration in England. Cf. Ralph Sutton, "Arbitration in English Law", *International Yearbook on Civil and Commercial Arbitration* (Oxford University Press, New York, 1928), vol. I, pp. 52–66.

[4] Wesley A. Sturgess, "Commercial Arbitration in the United States of America", *ibid.*, pp. 165–190.

[5] *Sobranie Zakonov i Rasporyazhenii*, SSSR (Collection of Laws and Orders), 1930, I, no. 60, art. 637.

[6] *Ibid.*, 1932, I, no. 48, art. 281.

[7] 6 League of Nations Treaty Series 268. Hereafter referred to as LNTS.

are those commercial treaties and agreements which contain no reference to arbitration.

In the following sections the treaties and agreements of the U.S.S.R. will be discussed according to these categories.

I

Treaties and Agreements Providing for the Organization of Arbitration Tribunals and Execution of Arbitral Decisions

On October 12, 1925 the Soviet Union concluded a comprehensive treaty with Germany,[8] of which one part, comprising 15 articles, was devoted to the question of commercial courts of arbitration. This was the first treaty concluded by the U.S.S.R. which provided for the organization of an arbitration tribunal to decide commercial disputes submitted to it by the nationals and organizations of the respective countries and for the execution of the decisions rendered by this tribunal. Although this agreement evidently served as a pattern for the arbitration agreement concluded between the U.S.S.R. and Latvia on October 10, 1927,[9] not before the treaty of September 3, 1940 with Hungary[10] was provision again made for setting up arbitration tribunals. The provisions of the treaty with Germany, however, were later supplemented and modified by additional detailed provisions in agreements concluded on March 20, 1935 and on December 12, 1939 between the Trade Delegation of the U.S.S.R. in Berlin and the Russian Committee of German Economy.

Part VI of the treaty of October 12, 1925 with Germany constituted an agreement concerning commercial courts of arbitration. According to article I, written agreements entered into by parties of the respective countries to arbitrate commercial and all other civil matters should be recognized as valid. The written agreements had to pertain, however, to the settlement of disputes of a legal character in respect to the clause of a contract or other definite legal situations. Furthermore, provisions of article I did not apply to matters connected with legal status or family rights, to disputes between employees and employers, or to disputes regarding utilization of the soil.

[8] 53 LNTS 7.

[9] 84 LNTS 47.

[10] *Vneshnyaya Torgovlya*, 1940, no. 10, p. 5, and no. 11, p. 14.

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Article II provided that the agreement to arbitrate, in order to be recognized as valid, must contain:

1. Statement of definite legal situation;
2. Particulars regarding the composition of the court of arbitration, which must include at least two arbitrators and an umpire;
3. Particulars concerning the seat of the court of arbitration.

Article III established the constitution of the court of arbitration in the absence of any special agreement between the parties. In considerable detail this article provided that in case of dispute the plaintif should communicate to the other party the name of the person designated by him as his arbitrator and that he should request the defendant to name an arbitrator in the same manner. The two arbitrators thus named were to select an umpire by common agreement. If one could not be selected by common agreement, a list of five suitable persons was to be prepared at the request of either one of the arbitrators. This list would be drawn up by a competent authority such as president of the Court of Appeal, president of the Supreme Court, president of a university, or president of the Chamber of Commerce. If the arbitrators still could not choose the umpire, he was to be chosen by the competent authority mentioned above.

Articles IV and V made provision for situations involving the death or absence of umpires or arbitrators.

Article VI established the principle that in case of objection to an arbitrator "the law applicable on this point shall be the law of the country of which the court of arbitration has its headquarters".

Article VII provided for the form and method of communication of the arbitration award. A specific statement was made that it would "not be necessary to state the grounds on which the decision was reached".

Articles VIII and IX provided that the arbitration awards should have the effect of judicial decision and that each of the contracting parties should guarantee the execution of arbitral awards under the conditions established in article X. Article IX further stated that,

> in the absence of any special provision [for execution] in an arbitration agreement, any court which would have

been competent to hear the case in accordance with the ordinary law of the country shall be competent to order the execution of an arbitral award.

However, "the defendant party must be heard before the decision is given".

Article X established the conditions under which the execution of an arbitral award might be refused. Because of the nature of the conditions established and the fact that they were not modified in the supplementary agreements of March 25, 1935 and December 12, 1939, article X is quoted in full as follows:

An order for the execution of an arbitral award may only be refused in the following cases:

(1) If, in virtue of Article I, second paragraph, the case cannot be admitted;

(2) If the said award has been given by a court of arbitration not constituted in conformity with the agreements entered into between the Parties or the provisions of Articles 2 to 6, or finally, if one of the Parties was not represented in conformity with the laws of his country when the arbitration agreement was drawn up or the arbitration procedure decided upon, unless the Party in question has expressly agreed that the case should be judged in conformity with such procedure;

(3) If, in the course of the proceedings, the Party has not been granted the necessary hearing;

(4) If the Party produces an award which has been given on the same question and has already acquired final effect;

(5) If there exist any conditions which would warrant,

(a) In Germany, an action for restitution in the cases provided for in Nos. 1 to 6 of paragraph 580 of the German Code of Civil Procedure,

(b) In the U.S.S.R., the reopening of proceedings in the cases provided for in paragraph 251 (b) and (c) of the R.S.F.S.R. Code of Civil Procedure and in the corresponding articles of the Codes of Civil Procedure of the other Soviet Republics in the U.S.S.R.

(6) If the execution to which the arbitration award has sentenced the party is not admitted under the laws of the country in which execution should take place.

There shall be no reexamination of the material points at issue.

The arbitral award shall be ordered and carried out in conformity with the laws of the country.

In article XI, "the Contracting Parties undertake to facilitate in every way all acts of procedure carried out in their respective territories by courts of arbitration". If the court of arbitration required certain legal action which was not self-executing, the competent court of the country in which execution was required should be ordered to take such action as necessary, provided that the action in question was not contrary to the laws of that country.

Article XII provided that—

In the settlement of questions submitted to them, courts of arbitration shall adhere to the rules of international commercial usage, taking into account all the considerations brought to light by their discussions and enquiries.

Article XIII merely provided that arbitration agreements concluded prior to the entry into force of the present agreement need not necessarily comply with the conditions laid down in the agreement to be valid; however, awards in those cases would be executed in conformity with the present agreement.

Article XIV stated that—

The provisions of the present Agreement shall apply even when one of the Contracting Parties is concerned in the arbitration proceedings as a party, either as principal or intervener.

This provision also included the states forming a part of the two contracting parties.

Article XV, the final article of this agreement of October 12, 1925 with Germany, provided that—

The Contracting Parties shall make every effort to encourage the conclusion between their economic organs of arbitration agreements in conformity with the foregoing provisions, and shall facilitate the execution of these agreements in every way.

The convention with Latvia of October 10, 1927 [11] regarding arbitration in commercial and civil matters, mentioned above as being patterned after the treaty with Germany just described, is practically identical in form and detail with part VI of the latter treaty. However, some of the differences found in the convention with Latvia are as follows:

1. In article II, supplementary to the three points which the agreement to arbitrate must contain, as mentioned in the German treaty, the agreement with Latvia provided that the time limit, within which the arbitral awards should be made, must be stated.

2. The language of article V is different although the substance is similar.

3. Whereas article VI of the agreement with Germany governed the cases in which objection was made to an arbitrator, the agreement with Latvia excluded this statement.

4. Article IX of the agreement with Latvia is practically identical with article X of the agreement with Germany which is quoted in full above.

[11] 84 LNTS 47.

5. The agreement with Latvia made no provision for resort to arbitration in cases in which one of the contracting parties was a principal.

Although many treaties and agreements were concluded by the U.S.S.R. following the treaty with Latvia of October 10, 1927, it was not before 1935 that another comprehensive agreement covering various aspects of commercial arbitration was signed. On March 20, 1935 an agreement, supplementary to the arbitration agreement with Germany of October 12, 1925, was concluded between the Trade Delegation of U.S.S.R. in Berlin and the Russian Section of the Committee of German Economy.[12] This agreement established that all disputes were to be settled by arbitration and not in courts of law. In this regard the agreement was much more definite, and indeed more emphatic, than the treaty of October 12, 1925, which provided only that arbitration clauses in contracts would be recognized as valid. The organization of the court and the method of appointment of an umpire and two arbitrators were outlined in much the same form in this agreement as in the treaty of October 12, 1925. Considerable detail was devoted to the procedure by which the arbitrators and umpires might be designated or rejected. The seat of the court was to be in Berlin with the exception that, upon the application of one party, the seat might be at the place where the goods were delivered. The agreement further provided that the court of arbitration must decide on the basis of the general conditions of delivery and the stipulations contained in the contract.

The provisions of the arbitration agreement of October 12, 1925 between the German Reich and the U.S.S.R. were to remain in effect in so far as this agreement did not contain any provisions to the contrary.

On December 12, 1939 another agreement concerning arbitration courts was concluded between the Trade Delegation of the U.S.S.R. in Germany and the Russian Section of the Committee of German Economy.[13] In brief, the agreement elaborates in detail the provisions already contained in the treaty of October 12, 1925 and the agreement of March 20, 1935. In fact the form of this agreement is similar to that of the agreement of March 20, 1935, and in some sections the language is identical. There are, however, certain significant differences.

The agreement of March 20, 1935, for example, provided that the seat of the court would be Berlin, while the agreement of December 12, 1939 provided that the seat of the court would be Berlin or Moscow, according to the country of residence of the plaintif. Both agreements, however, provided that upon application of one of the parties, the court of arbitration could decide to sit at the place where the goods had been delivered. The agreement of March 20, 1935 also provided that the court of arbitration should base its decision on the general conditions of delivery and the stipulations contained in the contract, but in so far as the conditions of delivery were not specifically established, German substantive law should apply. In the agreement of December 12, 1939, the reference to German substantive law was omitted. A new provision introduced in the agreement of December 12, 1939 established a permanent arbitration tribunal which was to settle disputes involving not more than 20,000 Reichsmarks.

This arbitration tribunal consisted of a panel of an arbitrator and an alternate appointed by each party and of an umpire appointed jointly. The arbitrators and their alternates were to be nationals of the two countries, but the umpire was to be a citizen of a neutral country. All members of the tribunal were to be appointed for a two-year term. In every case of dispute the arbitrators were at the outset to attempt "to secure a friendly settlement in Berlin." In the event of failure to achieve a friendly settlement the dispute would be submitted to the arbitration tribunal. This tribunal was to hold its sessions alternately in Berlin and Moscow with the decisions executed in the country in which the arbitration took place.

The provisions of the treaty of October 12, 1925 were to remain in force in so far as they were not modified by the terms of this December 12, 1939 agreement; however, some of the provisions of the treaty of October 12, 1925 were actually incorporated in this agreement by specific reference. The emphasis placed on the treaty of October 12, 1925 should indicate that a new appraisal of the provisions of the treaty of October 12, 1925 revealed their general applicability even in the light of changing times.

The treaty of September 3, 1940 between the

[12] Cf. D. D. Mishustin, ed., *Torgovye Otnosheniya SSSR s Kapitalisticheskimi Stranami*, Moscow, 1938, p. 143.

[13] *Vneshnyaya Torgovlya*, 1940, no. 1, p. 42.

U.S.S.R. and Hungary [14] was the first treaty with a country other than Germany following the treaty with Latvia of October 10, 1927, which provided for the organization of arbitration tribunals and the execution of arbitral decisions. This treaty did not make mandatory the settlement of commercial disputes by arbitration. According to the language of the treaty, "in the event of settlement of disputed cases . . . by court of arbitration the following provisions will be applicable". These provisions in brief are as follows:

1. The court shall consist of an umpire and two arbitrators.

2. When one party wishes a case to be presented to the court of arbitration, the other party shall be notified by registered letter. He then has 14 days in which to reply and to appoint his arbitrator.

3. The arbitrator thus appointed by one party may be rejected by the other party without reason. In such event, the Chamber of Commerce of the country whose arbitrator was rejected must be notified that the appointment of a new arbitrator is necessary.

4. The Chambers of Commerce of the countries will also appoint arbitrators in cases where no reply is received from the defendants. Arbitrators thus appointed by the Chamber of Commerce of either country cannot be rejected.

5. The two arbitrators will designate an umpire from a list of five persons provided.

6. This list shall consist of five nationals of a third state plus a supplementary group of four to replace any one of the five in case of death, sickness, or any other reason, and such a list shall be prepared by the president of the Hungarian Foreign Trade Office and the Trade Representative of the U.S.S.R.

7. Should the appointed chairman not be able to serve, his substitute shall be drawn by lot.

8. The court will be seated in the country of the plaintif with the exception that upon request of one party the court may be seated where the goods are delivered or stored. The court may, however, refuse this request for some significant reason. This refusal must be communicated in writing to both parties of the dispute.

9. The court may decide matters involving the determination of right or legal fact, but its decision does not enjoin either of the parties to make any payment or render any services. In cases of this type, the seat of the court shall be the state of the defendant.

10. The judgments of the court shall be rendered on the basis of the provisions contained in the individual contracts and "in accordance with the customs of international commercial law and international civil law".

11. The arbitration court shall fix the payments and fees.

12. The award shall be drawn up and communicated in writing to both parties.

Because recognition and execution of decisions of arbitration tribunals is of fundamental importance, section 9 of annex II of this treaty is quoted in full, as follows:

> The recognition of the validity and the carrying out of the judgments of the Court of Arbitration can be refused in the following cases only:
>
> a) if the judgment was passed not in accordance with the provisions of the present Annex;
>
> b) if the party against which the carrying out of the judgment is requested, submits evidence proving that a petition for replevin has been submitted to the Court of that country in which the sentence was passed, the petition being motivated under the provisions of the laws of that country and that this procedure has not yet been terminated, or that the judgment has already been annulled;
>
> c) if the party against whom the carrying out of the judgment is requested, has not been informed in due time of the meeting of the Court of Arbitration;
>
> d) if the party against whom a condemnatory judgment is brought, presents a judgment made on the same subject, which has become previously valid;
>
> e) if the recognition of the validity or the carrying out of the judgment of the Court of Arbitration would conflict with the legal practice or public order of the country in which the carrying out of the judgment is requested;
>
> f) if the judgment of the Court of Arbitration does not pertain to that disputed case which has been designated in the agreement for Court of Arbitration, or by the "Court of Arbitration Clause" of the transaction, or if the judgment of the Court of Arbitration contains provisions which exceed the petition of the plaintiff, or the provisions contained in the agreement for Court of Arbitration procedure, or in the "Court of Arbitration Clause" to the transaction.

II

Treaties and Agreements Providing Only for the Execution of Arbitral Decisions

The first treaty which made any provision for the execution of arbitral decisions was the treaty between Italy and the U.S.S.R. signed on February 7, 1924.[15] By this treaty the contracting parties undertook "to recognize all arbitration clauses

[14] *Ibid.*, 1940, no. 10, p. 5, and no. 11, p. 14.

[15] *Board of Trade Journal*, Apr. 3, 1924, p. 426.

inserted in contracts between their respective nationals and companies of every description" and—

to give effect to the decisions of the arbitrators appointed in accordance with the aforesaid contracts, provided that the decisions satisfy both of the following conditions:

(i) that the decision is not contrary to any other decision given in the same matter by the judicial authorities of the State wherein such decision was to be carried out;

(ii) that the decision does not contain any provision contrary to public order or to the internal public law of the country.

The first condition therefore provided a basis for appeal in the event that the arbitration decision should be unfair to Italian citizens, while the second granted similar relief in the case of a decision adverse to the interest of the U.S.S.R.

Shortly after the conclusion of the treaty with Italy, a treaty concluded with Norway on December 14, 1925 [16] provided that—

arbitration clauses included in contracts are recognized and each of the Contracting Parties pledges itself to carry out the decisions of arbitrators with the understanding that their decisions must not derogate from the laws in force in the country where the contract is to be executed.

Although the contracting parties agreed to adjust in a special conference the method of carrying out the above-mentioned decisions, there is no record of this conference's having ever been convened.

The treaty with Turkey of March 11, 1927 [17] contained a provision for arbitration similar to the one included in the treaty with Italy of February 7, 1924. The contracting parties agreed to recognize as valid all clauses concerning arbitration included in contracts between citizens and corporations of the respective countries. However, stipulations were made to the effect that the arbitration clauses would have to conform to local legislation and that both parties to the arbitration actually had to maintain residence in either of the countries.

The contracting parties also agreed to execute the arbitration decisions arising out of the clauses included in the contracts provided that—

1. Decisions of arbitrators do not contravene previous decisions regarding the same matter made by the judicial authorities of one of the contracting countries.

2. Decisions are not contrary to the law of the country in which they are to be executed.

These conditions are practically identical with those included in the above-mentioned treaty with Italy.

It is interesting to note that the treaty with Turkey of March 16, 1931,[18] which superseded this treaty, did not contain any reference to arbitration as a means of settling commercial disputes. In fact, it was not before 1940 that any treaties negotiated by the U.S.S.R. again provided for the execution of arbitral awards.

On January 5, 1940 a treaty was concluded with Bulgaria.[19] Because article 27 of this treaty was apparently the standard article for a series of treaties concluded in 1940 and 1941 in which provision was made only for the execution of arbitral decisions, it is quoted in full, as follows:

The contracting parties shall undertake to permit the execution of arbitration decisions on disputes arising out of commercial transactions concluded by their nationals, organizations or institutions, if the decision of the dispute by the respective arbitration court—specially set up for this purpose, or permanently established—has been provided for in the transaction itself or by a special agreement drawn up in a form required for the particular transaction.

The execution of the arbitration decision taken on the lines outlined above in this article may be rejected only in the following cases:

(a) If the arbitration decision taken on the basis of the laws of the country in which it is passed has not acquired the significance of a final decision having already entered into force.

(b) If the arbitration decision obliges the parties to such action as is not permissible according to the laws of the country in which the execution of the decision is demanded.

(c) If the arbitration decision is contrary to the basic principles of social political order of the country in which the execution of the decision is sought.

Executionary rulings and also the actual execution of an arbitration decision shall be carried out in accordance with the jurisprudence of the contracting party allowing the execution of the decision.

The other treaties which included articles virtually identical with this article were concluded with Yugoslavia, May 11, 1940, article 15; [20] Finland, October 8, 1940, article 10; [21] "Slovakia", December 6, 1940, article 12; [22] Rumania, February 26, 1941, article 16.[23]

[16] 47 LNTS 9.

[17] *Sbornik Deistvuyushchikh Dogovorov, Soglusheniĭ i Konventsiĭ, Zaklyuchennykh s Inostrannymi Gosudarstvami* (Collection of Treaties, Agreements, and Conventions concluded with Foreign States), vol. 4, p. 100.

[18] *Ibid.*, vol. 7, p. 95.

[19] *Vneshnyaya Torgovlya*, 1940, no. 3, p. 40.

[20] *Ibid.*, 1940, no. 6, p. 3.

[21] *Ibid.*, 1940, no. 7, p. 6.

[22] *Ibid.*, 1941, no. 1, p. 12.

[23] *Ibid.*, 1941, no. 4, p. 61.

III

Treaties and Agreements Merely Mentioning the Right of Including Arbitration Clauses in Contracts

In a category including a variety of treaties and agreements of the U.S.S.R. concluded during the period from 1921 to 1940 are found some which merely mentioned that contracts might contain a clause providing for settlement of disputes by means other than through the courts, whereas others recognized more specifically the right of including clauses in contracts providing for arbitration.

The first agreement in this category which actually used the phrase "arbitration clause" was concluded on May 6, 1921 between the Russian Socialist Federative Soviet Republic and the German Reich.[24] By the terms of the agreement the Russian Government, as it was then officially identified, stated its intention of inserting "an arbitration clause in all legal transactions with German nationals, German firms, and German corporate bodies in the territory of the R.S.F.S.R. and of the States connected with it by an import and export regime established by Government." With respect to legal transactions concluded in Germany, the Russian Government was to be subject to German law unless arbitration clauses in the individual contracts provided otherwise.

The agreement concluded on December 7, 1921 between Austria and the Governments of the Russian Socialist Federative Soviet Republic and of the Ukrainian Soviet Socialist Republic[25] was not so definite as the previously mentioned agreement with Germany. This agreement merely provided that the Russian and Ukrainian Governments had the right to add arbitration clauses in the case of legal transactions concluded in Austria. This right was not to be modified by the provision that legal transactions consummated in Austria and the economic consequences arising therefrom would be subject to Austrian jurisdiction and compulsory execution.

The treaty between the Russian Socialist Federative Soviet Republic and Czechoslovakia, signed on June 5, 1922,[26] granted a right similar to that provided in the treaty with Austria but in more definite and specific language. Article 15 of the treaty with Czechoslovakia, which enunciated the rights of the nationals and juridical persons of the high contracting parties regarding arbitration, stated that—

> The citizens, firms and juridical persons of one country, when making legal contracts with citizens, firms or juridical persons of the other country, shall have the right to conclude such contract with the insertion of a clause relative to an arbitration tribunal or establish by mutual agreement for the courts of either country, jurisdiction over disputes arising from such contracts.

The treaty between the U.S.S.R. and Sweden signed on March 15, 1924,[27] unlike the treaties mentioned previously, did not specifically mention arbitration. Article III of this treaty provided merely that disputes originating from contracts concluded between the nationals, organizations, or corporations of the respective countries would, "according to the principles of international law, be brought before the proper court of either country, unless otherwise decided by the contents of the deed or by special agreement".

Although many treaties and agreements were concluded by the U.S.S.R. following this treaty, it was not before 1933 that a provision recognizing only the right of arbitration was again included in a treaty or agreement of the U.S.S.R. These treaties and agreements either considered arbitration in greater detail, as discussed above, or made no reference to arbitration.

On September 8, 1933, in an exchange of notes supplementary to an agreement with Greece[28] regarding commercial transactions, provision was made for arbitration of disputes arising between Greek shipping operators and Soviet organizations. The shipping operator was given the right to choose between London and Moscow as the seat of the arbitration tribunal. With regard to the execution of the arbitral awards, the Government of Greece agreed merely to recommend to Greek shipping operators that all decisions of the arbitration tribunals be accepted.

The treaty with France of January 11, 1934[29] is likewise relatively important because it provided specifically for inclusion of arbitration clauses in contracts between parties of the respective countries. The language was similar to that included

[24] 6 LNTS 268.
[25] 20 LNTS 154.
[26] *British and Foreign State Papers*, vol. 131, part II, p. 775.
[27] 25 LNTS 251.
[28] *Ephemeris tes Kuverneseos* (the Greek official gazette), Oct. 28, 1933, vol. I, no. 331.
[29] 167 LNTS 349.

in the early agreements with Austria, Czechoslovakia, and Sweden already mentioned above. To quote article 6:

> Any disputes which may arise in connection with trading transactions concluded or guaranteed by the Commercial Delegation of Union of Soviet Socialist Republics in France shall come, subject always to an arbitration clause, within the jurisdiction of the French Courts, and shall be decided by the latter in accordance with French law.

Following these two agreements, an agreement with Poland was signed on June 14, 1936,[30] although it was not placed in effect even provisionally before March 27, 1939. It provided that commercial transactions would be subject to Polish law "unless those laws or the contracts concerning different single transactions provided differently". This agreement was incorporated by reference in the commercial agreement concluded with Poland on February 19, 1939.[31]

Of the following group of treaties concluded by the U.S.S.R. during the years 1939 to 1941, only the treaties with China, June 16, 1939,[32] and with Iran, March 25, 1940,[33] contained no statement regarding the responsibilities of the contracting parties in enforcing the decisions of the arbitration tribunals. Both of these agreements provided that disputes arising out of commercial transactions would be subject to the law and the jurisdiction of the courts of China and Iran respectively unless the contract, which formed the basis of dispute, provided otherwise.

IV

Principal Commercial Treaties Which Contain No Reference to Arbitration

Following the arbitration agreement with Latvia of October 10, 1927, several other important general treaties were concluded with other countries, for example, the customs convention with Iran, March 10, 1929;[34] the treaty of commerce with Estonia, May 17, 1929;[35] treaty of commerce and navigation with Greece, June 11, 1929;[36] temporary commercial agreement with the United Kingdom, April 16, 1930;[37] treaty of commerce and navigation with Turkey, March 16, 1931;[38] treaty of establishment, commerce, and navigation with Iran, October 27, 1931.[39] In none of these treaties is any reference made to conditions under which arbitration agreements may be included in contracts governing commercial transactions between the nationals and organizations of the Soviet Union and those of the other countries respectively.

In the basic agreement with the United Kingdom concluded on February 16, 1934,[40] which is apparently still in effect, no provision was made for arbitration courts, nor was there recognition of the right to include arbitration clauses in contracts. The agreement provided instead that all disputes should be subject to the courts of the United Kingdom and that the Soviet Trade Delegation should answer in court for every summons served on it. In practice, however, the language of this treaty has not prevented the inclusion of arbitration clauses in the contracts concluded between Soviet organizations and British nationals and corporations.

The agreement with Czechoslovakia of March 25, 1935[41] likewise provided that all commercial contracts should be subject to Czechoslovak laws and jurisdiction. No provision was made for arbitration tribunals, nor was there recognition of the right to include arbitration clauses in individual contracts. This provision is interesting in comparison with the provision included in the treaty with Czechoslovakia signed June 5, 1922. As mentioned before, that treaty specifically provided for the right of the organizations and citizens of the respective countries to conclude contracts "with the insertion of a clause relative to an arbitration tribunal".

To recapitulate: The treaties and agreements of the U.S.S.R., with reference to arbitration, may be classified in four categories:

(1) those which provide for the organization of the arbitration tribunals and the execution of arbitral awards

(*Continued on page 904*)

[30] *Sejm Rzeczypospolitej Polskiej.* Kadencja V. Sesja zwyczajna 1938–39. Druk Nr. 175 (Sejm of the Republic of Poland, 5th term. Ordinary session 1938–39. Pamphlet no. 175).

[31] *Ibid.*, Druk Nr. 176 (Pamphlet no. 176).

[32] *Vneshnyaya Torgovlya*, 1940, no. 2, p. 2.

[33] *Ibid.*, 1940, no. 5, p. 18.

[34] 107 LNTS 419.

[35] 94 LNTS 324.

[36] *British and Foreign State Papers*, vol. 131, part II, p. 480.

[37] 101 LNTS 409.

[38] *Sbornik Deistvuyushchikh Dogovorov* (Collection of Treaties), above cited, vol. 7, p. 95.

[39] *Ibid.*, p. 75.

[40] 149 LNTS 445.

[41] 161 LNTS 257.

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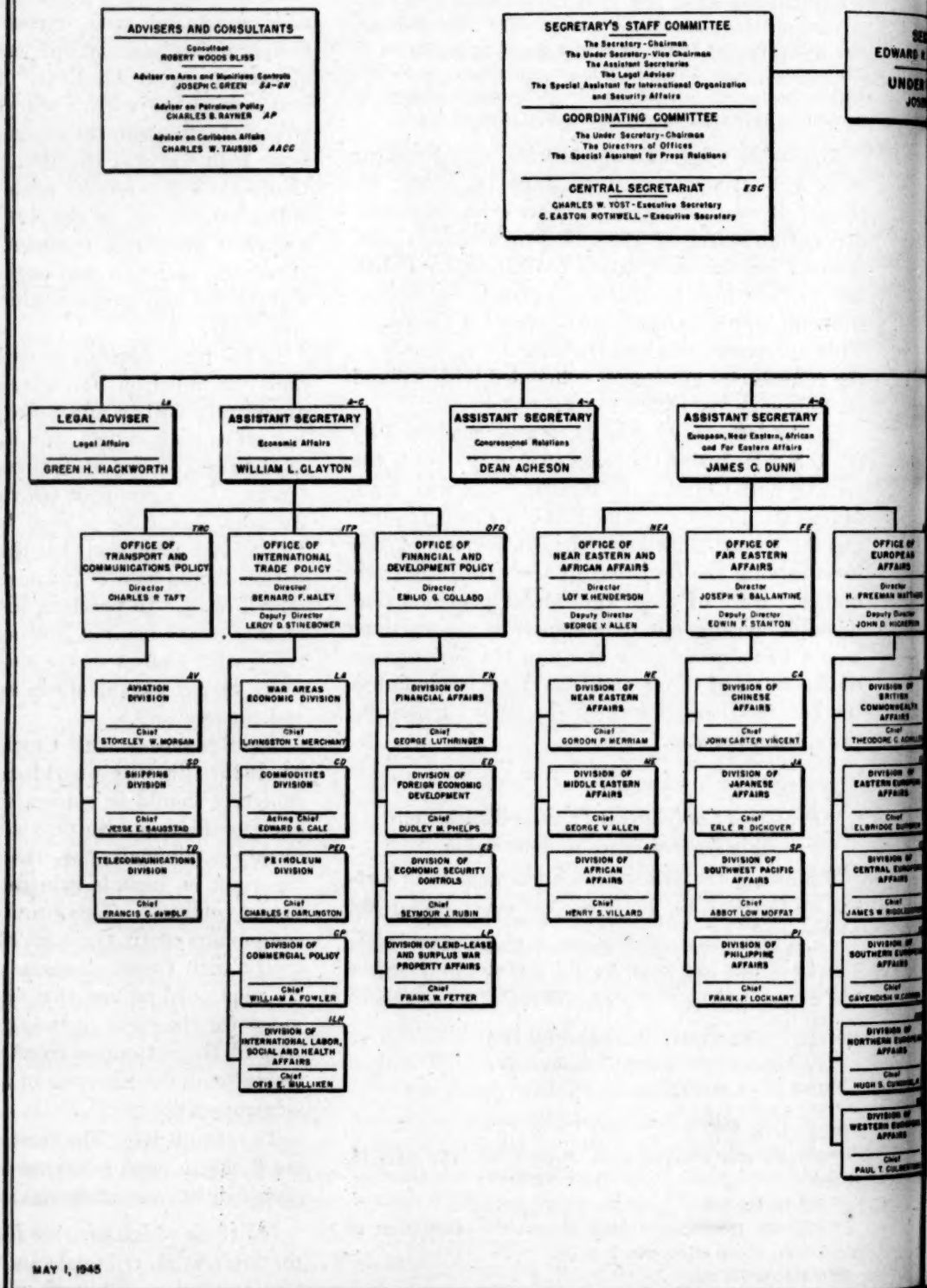

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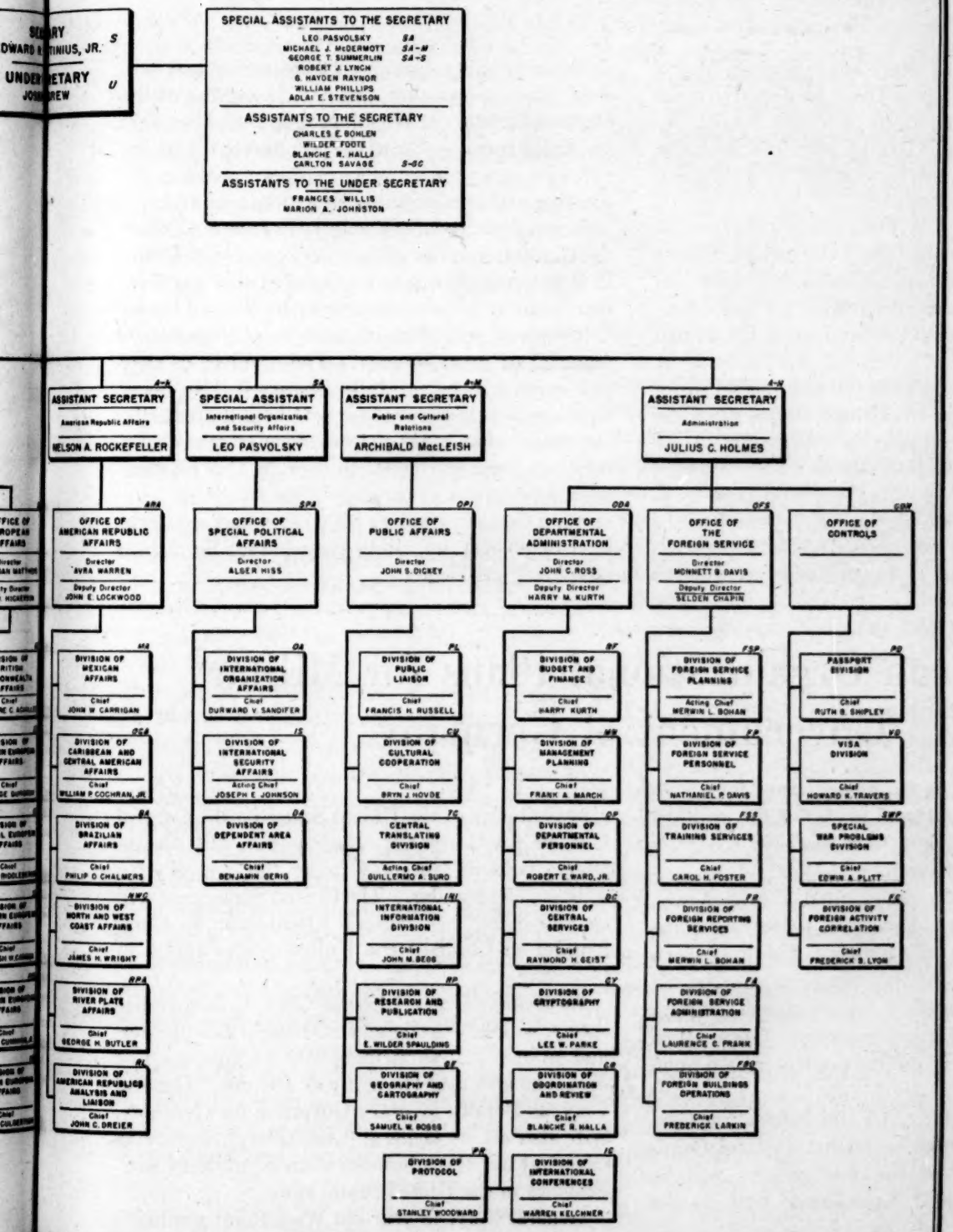

Request to Swiss Government Concerning German Properties and Archives

[Released to the press May 9]

The Department of State announced on May 9 that the Swiss Legation had been requested to make immediate arrangements to turn over to the Department of State all German premises, archives, and property which are now under the protection of the Swiss Government.

In making this request it was pointed out that the war in Europe had ended; that Germany had been defeated and had surrendered unconditionally, and that there was no further necessity for any representation of the German Government in the United States.

In requesting to take over German official properties and archives in the United States when the Swiss Government ceases its representation of German interests, the Department of State would undertake a duty of holding this property in trust.

The Germans are known during the period of the Nazi Government to have abused systematically the privileges and immunities customarily accorded to diplomatic and consular establishments and officials. It is known that, prior to the closing of the German Embassy at Washington in December 1941 and to the turning over of the premises to the Swiss, two men spent the better part of two weeks in destroying archives. Similar destruction of archives occurred throughout the country in June 1941 when the German consular officers were ordered to leave.[1] It is accordingly not to be expected that the German archives to be taken over by the United States Government will contain sensational material or material of great interest. The archives as they now exist will be carefully preserved. No documents will be destroyed or will be removed. To the extent that other nations demonstrate an interest in the archives taken over by this Government and extend us corresponding facilities in respect of German archives which they may similarly have taken over, we will be prepared to afford them reciprocal privileges.

American Organizational Plans for Military Government of Germany

[Released to the press by the War Department May 11]

American organizational plans for the military government of Germany were disclosed today by Henry L. Stimson, Secretary of War.

For many months the United States Army, Navy, and Air Forces have been perfecting plans for the occupation of Germany and have been working with their British, Russian, and French Allies in putting together a coordinated program to impose a stern military government over all of Germany and to carry out the policies agreed upon at Yalta.

As was announced in the Yalta declaration, Germany will be governed through a Control Council on which each of the four powers will be represented.[2] General Eisenhower will be the representative of the United States on the Control Council for Germany. Each power will administer a zone of Germany under the control of a military commander. The United States zone will be controlled by General Eisenhower as Commander in Chief of the United States forces in Germany.

Lieutenant General Lucius Clay, United States Army, will serve as deputy to General Eisenhower, and as such will participate in the formulation of decisions affecting Germany as a whole. General Clay, as Deputy Military Governor for Germany, will also act as General Eisenhower's deputy in carrying out the administration of military government in the United States zone.

General Clay, 48-year-old West Point graduate, was deputy director for war programs of the Office of War Mobilization and Reconversion before he

[1] BULLETIN of June 21, 1941, p. 743.
[2] BULLETIN of Feb. 18, 1945, p. 214.

went to Europe in April to join General Eisenhower. Prior to joining War Mobilizer Byrnes, Clay was the Director of Matériel for Army Service Forces. He has been described as a tough-minded soldier with thorough understanding and experience in the balance between military necessity and civilian requirements. He was hand-picked by President Roosevelt for the direction of the occupation of Germany.

In planning its part of the Control Machinery for Germany, the United States has formed a group Control Council which will be fitted into the Control Council for Germany. The United States group has been divided into 12 major divisions, roughly corresponding to the ministries of the German central government.

The heads of these divisions, in addition to acting for the United States in Control Council matters affecting Germany as a whole, will also, under General Clay's supervision, carry out policies in the United States zone.

Names of the 12 divisions in the United States group and a description of their functions follow:

Three military divisions — Army (ground), Naval, and Air—will deal with the demobilization of the German armed forces and the disarmament of Germany.

The Transport Division will regulate traffic movements, supervise railway, road, and inland water-transportation systems, and, with the Naval Division, handle port and coastal operations.

The Political Division will deal with all foreign affairs, handle domestic political matters, protect American interests in Germany, and advise other sections dealing with control of public-information services in Germany, reporting of political intelligence, and public relations.

Tremendous tasks lie ahead of the Economic Division, which will deal with such problems as food, agriculture and forestry, fuel and mining, price control and rationing, public works and utilities, internal and foreign trade, industry, conversion and liquidation, and requirements and allocations. This division will see to it that the Germans are forced to exert all efforts to feed themselves, and also insure that the liberated United Nations are given first consideration on essential commodities.

The Finance Division will control public finance, and deal with financial institutions, foreign exchange, currency, and accounts and audits.

The Reparation, Deliveries and Restitution Division will supervise, so far as the United States zone is concerned, the execution of the policies agreed upon in the Control Council, dealing with the vital activities suggested by its title, as well as handle property control and the supervision of monuments, fine arts, and archives.

A most important division will be the Internal Affairs and Communications Division. This division will supervise public safety, including control of civil police forces, public health and welfare, post, telephone, and telegraph, military communications, civil service and local government, education, and religious affairs. The division will concern itself with elimination of the dreaded Secret Police.

The Legal Division will give legal advice to the Commander and other divisions, will have jurisdiction over prosecution of war criminals, and will exercise proper controls over Allied military courts, German ordinary and military courts, and prisons.

One of the most difficult tasks will be faced by the Prisoners of War and Displaced Persons Division. Millions of citizens of the United Nations have been held prisoner in Germany, either as military hostages or as slave laborers, and these must all be cared for and repatriated as speedily as possible.

The Manpower Division will deal with problems of labor relations and allocations, wages and labor policies, housing and labor information. This division will be charged with dissolving the notorious Nazi labor front, and laying the groundwork for the normal growth of democratic labor organizations and practices.

The all-important task of purging all public agencies and important German industries of Nazis will be shared by every division, each supervising this work in its own field. However, an over-all intelligence section, answerable directly to General Clay, will maintain general supervision over the entire denazification program. This intelligence section will also maintain surveillance over all German agencies and provide assurance that activities by Nazi underground, "Werewolves", and the like will be ruthlessly suppressed.

Also answerable directly to General Clay are the two sections dealing with control of public information and public relations. The former section

will control all forms of public expression in Germany, including newspapers, radio, magazines and other publications, and motion pictures. It will deal with the dissolution of the propaganda ministry of the notorious Goebbels and the establishment of an unbiased and truthful press and radio system.

The public-relations section will deal with the issuance of press communiqués, general relations with the world press, including the accreditation of correspondents, press censorship, and press communications. Censorship in the United States zone will be solely on the basis of military security.

Concerning Equitable Solution Of Territorial Questions

Statement by ACTING SECRETARY GREW

[Released to the press May 12]

One of the most difficult problems to be solved in coming months will be the just and equitable solution of the many territorial questions which have for so many years plagued Europe. It is the firm policy of the United States, as its Allies have been officially informed, that territorial changes should be made only after thorough study and after full consultation and deliberation between the various governments concerned. Only on this basis can adequate consideration be given to the human, economic, and political elements involved and a just and stable solution be found.

There are 30 or more territorial questions in Europe which require careful study before satisfactory decisions can be reached.

Among these is the question of the much disputed northeastern frontiers of Italy. Many months ago it was decided that the best way to avoid hasty and precarious territorial solutions in the Anglo-American theater of operations would be to establish and maintain an Allied Military Government in the disputed areas pending settlement by the orderly processes to which the United Nations are pledged.

Apart from the fact that this is an Anglo-American theater of operations and Anglo-American troops forced the surrender of the German garrison at Trieste, the disputed areas are temporarily of prime importance from a military point of view. Since the Allied occupation forces require a zone of administration to include adequate port facilities and lines of communication and supply leading to Central Europe, it was deemed particularly essential to establish Allied military control in this part of Italy.

Aware of Yugoslav interest in the Venezia Giulia area, proposals along the above lines were presented to, and accepted by, Marshal Tito last February. Notwithstanding this agreement, claims have now been advanced that by virtue of conquest Yugoslav forces are entitled forthwith to occupy and control the administration of this region. These claims are put forward regardless of the operations of Field Marshal Alexander's forces in bringing about the defeat of the Germans in that area. According to radio reports, Yugoslav elements are already setting up a "National Federal Government of Slovenia" in Trieste.

Aside from the extent of the facilities required by the Allied military forces in this area, this Government reiterates its view that a disinterested military government is essential in Venezia Giulia in order not to prejudice, through sudden unilateral action taken in the flush of victory, a final solution corresponding to the problems and the principles involved. The present problem is far more than a mere frontier controversy between two claimants. It raises the issue of the settlement of international disputes by orderly process rather than unilateral action. The disposition of Venezia Giulia, as of other disputed territories, must therefore await a definite peace settlement in which the claims of both sides and the peoples concerned will receive a full and fair hearing or be made a matter of direct negotiations freely entered into between the parties involved.

I am convinced that no territorial problem can be solved by proclamations issued in the wake of an army on the march.

United Nations Conference On International Organization

APPOINTMENT OF SUBCOMMITTEE TO STUDY PROPOSALS FOR AMENDMENTS TO DUMBARTON OAKS PROPOSALS[1]

[Released to the press by the United Nations Conference on International Organization May 7]

The Foreign Secretaries of the Soviet Union and France, together with Mr. Koo representing China and Mr. Attlee representing the United Kingdom, met with Mr. Stettinius May 7.

It was decided that all the commissions and all committees of the Conference in session at an appropriate time to be set after the official announcement of V–E Day shall observe a minute of silence. It was decided to appoint a subcommittee to study proposals for amendments to the Dumbarton Oaks Proposals submitted by countries which did not participate in the discussions at Dumbarton Oaks. This subcommittee was requested to report to the group of the five Foreign Secretaries as promptly as possible. The subcommittee will be composed of: Leo Pasvolsky of the United States, H. M. G. Jebb for the United Kingdom, A. A. Sobolev for the Soviet Union, V. K. Wellington Koo for China, Jacques Fouques Duparc for France.

Achievements of Canadian and United States Armies in Allied Victory

EXCHANGE OF MESSAGES BETWEEN PRESIDENT TRUMAN AND PRIME MINISTER KING

[Released to the press May 10]

May 7, 1945

With the capitulation of the German Armies in the Netherlands, Denmark and Northern Germany, the battles of the Canadian Army in Europe have ended in final victory. Please accept my warmest congratulations on the stirring achievements of Canadian arms and be assured that the American people share with me the desire to pay tribute to the signal contribution which our Canadian comrades have made to the military defeat of Germany.

HARRY S. TRUMAN

May 8, 1945

I thank you Mr. President for your very kind message of congratulations upon the ending of the battles of the Canadian Army in Europe and for your cordial references to the part which Canadian Forces have had in the military defeat of Germany.

In the general and widespread rejoicing over the end of the war in Europe, I send to you, and to the Government and people of the United States, the heartfelt congratulations of your neighbours and friends in Canada. The Canadian people will wish me to express their great admiration of the magnificent military achievements of the United States Forces. We rejoice that the Armed Forces of our two countries, as well as our peoples at home, have been so closely associated in the liberation of Europe. This day adds renewed lustre to the years of mutual trust and effective cooperation between Canada and the United States.

My colleagues in the Government of Canada, together with the Canadian Delegation at the United Nations Conference on International Organization, join with me in extending to you greetings and good wishes on your birthday anniversary.

W. L. MACKENZIE KING

[1] Information given to the press by the Secretary of State in reply to questions at the close of the meeting of representatives of China, France, the U. S. S. R., the United Kingdom, and the United States at the Fairmont Hotel on May 7, 1945.

Brazilian Contribution To Allied Victory

TELEGRAM FROM PRESIDENT TRUMAN TO PRESIDENT VARGAS

[Released to the press May 10]

THE WHITE HOUSE
May 8, 1945

His Excellency
GETULIO VARGAS,
President of the United States of Brazil,
Rio de Janeiro, Brazil.

In their deep satisfaction over the unconditional surrender of the Nazi-Fascist hordes, the American people are not forgetful of the valiant and effective contribution which the armed forces of Brazil operating with United States forces in Italy have made to the Allied victory over the common enemy in that vital theater of war. The armed forces of the United States take pride in their association with their Brazilian comrades-in-arms in this victorious and historic campaign.

HARRY S. TRUMAN

HILTON—*Continued from page 897.*

(2) those which provide only for the execution of arbitral awards

(3) those which merely mention the right of including arbitration clauses in contracts concluded between the nationals and organizations of the respective states, and

(4) those which might be expected to, but do not, contain any reference to arbitration clauses in contracts.

The treaties and agreements of the U.S.S.R. do not show any pattern of historic evolution, but some points may be noted. Most of the treaties and agreements concluded prior to 1927 contained at least some reference to arbitration. Most of the treaties and agreements concluded between 1927 and 1939 contained no reference to arbitration, and in some cases actually superseded previous ones in which at least some provision had been made for arbitration. In one case the treaty superseded had actually provided for the execution of arbitral decisions. After 1939 all commercial treaties contained some reference to arbitration, and most of them provided for the execution of arbitral decisions in articles patterned after article 27 of the treaty with Bulgaria of January 5, 1940. The treaty with Hungary signed on September 3, 1940 provided for the organization of an arbitration tribunal and the execution of arbitral awards. Only two treaties of this period provided indirectly for the recognition of arbitration clauses in contracts.

Liberation of Norway

***Statement by* ACTING SECRETARY GREW**

[Released to the press May 8]

The surrender of German forces in Norway marks the triumph of the unremitting struggle and unshakable faith of the Norwegian people. From the moment the Nazi invader set foot on their shores the Norwegians never relaxed their efforts nor lost their confidence in eventual victory. Led by their heroic leaders, the Norwegians immediately threw their whole strength into the common battle. From the seven seas the captains of the Norwegian merchant fleet hastened to place their ships at the disposal of the Allies. Unceasingly the young men of Norway continued to escape from their homeland in order to enter the Norwegian forces fighting under the banner of Free Norway. Thousands lost their lives on the field of battle, on the sea, and in the air.

Norwegians who remained at home organized a home front which by its daring, courage, and initiative kept the Germans in constant difficulty and turmoil. Students in the university, teachers in the schools, pastors in their churches, used every means within their power to thwart the forces of their oppressors. Imprisonment, torture, and death could not shake their resolve. Nazi labor decrees were defied and defeated; strikes and sabotage effectively frustrated German measures aimed at drawing military strength from Norway.

Now this unrelenting battle has been rewarded. The American people who have fought and sacrificed in the common cause today rejoice with their Norwegian Allies in the victorious conclusion which, however long delayed, has never been in doubt.

THE FOREIGN SERVICE

Confirmations

On May 7, 1945 the Senate confirmed the nomination of Spruille Braden as American Ambassador Extraordinary and Plenipotentiary to Argentina.

Renewal of Trade Agreements

Testimony of CHARLES P. TAFT[1]

[Released to the press May 12]

A number of questions have been raised in the course of these hearings, especially since the conclusion of the Government testimony, which seem to require a specific answer from a single witness, although nearly all of them have been answered by previous witnesses in scattered cross-examination. I am undertaking to present the answers, because, while my present position in the State Department is Director of Transport and Communications Policy, I was for 12 months, ending in January, Director of Wartime Economic Affairs, handling many if not all the complaints from exporters of discrimination against American trade, and directing the pressure of the Department for the relaxation of wartime trade controls. As the committee knows, I am working closely with Mr. Clayton in connection with the trade-agreements program.

It has been stated in these hearings that the United States has received no concessions in the negotiation of our 32 trade agreements comparable in real value to the concessions we made.

I can only repeat Mr. Clayton's statement to this committee, which has not been successfully challenged by any witness, that no industrial or agricultural interest has been damaged by the reciprocal trade agreements.[2]

As against that price for concessions by us, I have yet to meet any of the exporting fraternity (and I have spoken before and dealt with many of them from New York to Los Angeles) who are not vigorous supporters of the Hull program. I can only judge, from that, that the benefits to them in increased access to foreign markets have been substantial. You will recall that from 1934 to 1939 exports to trade-agreement countries increased by 63 percent while those to non-agreement countries increased only 32 percent. If the list of concessions secured has not been introduced, I now submit it for the committee's consideration. The question has been raised as to the quality of the hearings given interested persons and the charge made that interested persons have no chance to go to court to protect their interests. Mr. Ryder and other witnesses have shown what careful and detailed consideration is given by the Committee on Reciprocity Information and the Committee on Trade Agreements including both the consideration of briefs of statements at formal hearings and at many and almost unlimited private conferences. He has shown that, contrary to some statements made here, the staff of the Tariff Commission does the basic research in connection with this program; the members of the Commission individually participate in the policy determinations through their individual membership on the committees.

It has been charged here that, while we generalize to the whole world for nothing concessions made for value to a single country, nobody else gives us similar most-favored-nation treatment. I am not sure whether the statement really means anything at all, but I am prepared to say several things.

In the first place we shall not, especially in this period of wartime trade controls, generalize concessions if other countries practice true discrimination against us. We had that problem in the first trade agreements negotiated under this act. We required the cessation of discrimination within a brief period of probation, or we refused to continue the generalization. As we enter into new agreements or negotiate the return to normal from the operations under the war clause of our existing agreements, we shall not only bargain for the elimination more rapidly of the wartime controls but shall insist on eliminating important discriminations.

In the second place it is assumed by this charge that the other country is not bound to give us most-favored-nation treatment. The fact is that they are bound and with specified exceptions have to generalize to us any concessions they make subsequently to other countries. Under this provision

[1] Given before the Ways and Means Committee of the House of Representatives on May 12, 1945. Mr. Taft is Director of the Office of Transport and Communications Policy, Department of State.

[2] BULLETIN of Apr. 22, 1945, p. 752.

we have received important concessions which Mr. Hull described in his letter to Mr. Gearhart of April 28, 1943. Since no damage has been shown by our generalizations, the benefits thus demonstrated are net gain to us.

Certainly there are exceptions in the agreements to most favored nation: Cuba is one and the Philippines another on our side. True customs unions, and general open-end economic agreements for expansion of trade, to which any nation may adhere, are obvious exceptions. Arrangements for border trade between neighbors are clearly justifiable exceptions. The British Empire Preference under the Ottawa agreements is an exception which requires a fuller examination, and I propose to go into that in a moment.

It is claimed that these and other actions of trade-agreement countries have effectively nullified any benefit contemplated by the agreements. Devaluation of currencies has been emphasized. Eight hundred and twenty-two bilateral agreements are cited as being in many cases discriminatory, as well as tricky quotas, tariff increases on items not bound by the agreements, export taxes, and such financial arrangements as those involved in the sterling bloc and the dollar pool.

Nullification of Concessions

At page 769 of the unrevised committee print of these hearings is a record, submitted by the Chairman of the Tariff Commission, of the annual average foreign-exchange rates of the trade-agreement countries, 1935–1939, together with the dates of signature of their trade agreements with us.

As will be seen on inspection, the following countries sustained no appreciable reduction in the foreign-exchange value of their currencies after the date of the agreements:

Argentina	Haiti
Colombia	Honduras
Costa Rica	Iceland
Cuba	Mexico
Czechoslovakia	Peru
Ecuador	Turkey
El Salvador	Uruguay
Guatemala	Venezuela

The following currencies did suffer a loss of value at some date after the date of the agreements:

Belgium	Netherlands
Brazil	Sweden
Canada	Switzerland
Finland	United Kingdom
France	

Of these countries, Canada, Finland, Sweden, and the United Kingdom maintained the exchange value of their currencies from the dates of our trade agreements with them until the outbreak of the war in Europe. Their difficulties from then on need no explanation.

As to the other countries the following comments may be made:

France: When the trade agreement went into effect on June 15, 1936 the dollar value of the franc was, and had been since dollar devaluation in 1933, abnormally high, out of line with the relative price levels of France and important industrial countries with depreciated currencies, particularly the United Kingdom and the United States. Either the franc or the ratio of French to depreciated-currency-country prices and costs had to drop. The price ratio dropped somewhat between 1931 and 1936 but not enough to restore equilibrium, and in 1936 the French financial position was unstable. The drop in the franc initiated in 1936 thus amounted merely to bringing the franc into line with the pound and the dollar. Because of the resulting easing of the pressure on the franc France was able, along with devaluation, to remove quota restrictions on a substantial number of imports and to lower its duties on non-quota products. This benefited United States trade at least as much as the devaluation hurt it. Thereafter France's financial position again became unstable, and rising French prices and costs brought further franc depreciation in 1937, but the price level went up faster than the franc dropped and wiped out any disadvantage from depreciation to French importers in buying from us, or any advantage to French exporters.

Belgium, Switzerland, Netherlands: These countries were, with France, part of the gold bloc and held on to high currency values too long. The developments with regard to depreciation of their currencies were much the same as those in France, except that these countries succeeded in stabilizing their currencies at the levels contemplated by the initial reductions.

I call attention also to the fuller statement

already made by Mr. Ryder in these hearings (unrevised Committee Print p. 770).

The charge that any country depreciated its currency in order to vitiate concessions made in trade agreements with us is quite untrue.

Export Taxes

It is also charged that other countries or subdivisions of countries in many instances have imposed export "tariffs" (taxes) following negotiation of a trade agreement with the United States in order to seize for their exporters the benefit which should go to the American consumer from reduction of United States duties in the agreement.

Not a single instance is on record where the alleged action took place. As shown in Mr. Ryder's memorandum (pp. 775–6) export taxes furnish an important part of the governmental revenue of many of the less industrialized countries, such as Mexico, Bolivia, Paraguay, and Peru, and their height is often adjusted to changes in the price level, so as to obtain the maximum revenue. But these policies of collecting revenue from exports and of adjusting the taxation of exports to the profitableness of the trade long antedated the trade-agreements program and have not been significantly changed by it; and there is no record of such policies having been used to appropriate the benefit designed for American consumers under the trade agreements. Below are discussed certain specific products mentioned in connection with the allegation referred to above.

Venezuelan Petroleum. As indicated in Mr. Rockefeller's statement (pp. 133–4) the Venezuelan Government does not and never has levied an export tax on petroleum. The same is true of the component states of Venezuela. Furthermore, as also shown in Mr. Rockefeller's statement, except for the petroleum law of 1938, which never really came into operation, there were apparently no increases in taxes on petroleum exploitation in Venezuela from 1922 to 1943.

Mexican Petroleum. Mexico imposes no export tax on petroleum (see Mr. Ryder's statement, p. 776). Nor do the component Mexican states, which are specifically prohibited by the Constitution of 1917 from imposing export taxes.

Mexican Cattle. (See Mr. Ryder's statement, pp. 775–6). In 1938, four years before negotiation of the trade agreement, Mexico imposed a general 12-percent export tax, including cattle. For convenience's sake, in order to maintain an unvarying rate in pesos per head, market prices on cattle are officially declared and changed from time to time. It happened that the first change in duty under this system after the trade agreement amounted to $1.27 per head on the average, the net increase at the end of the first year over the pre-agreement rate being under $0.60. These figures compare with an average of $3.93 per head duty reduction in the agreement. The component Mexican states are prevented by the Constitution from imposing export taxes on cattle.

So far as the 822 bilateral agreements are concerned which have been thrown at many of the witnesses before this committee, I would remind you that this list of treaties and agreements is taken from a study made by the Tariff Commission which originally included all United States bilateral agreements during the period investigated, from January 1, 1935 to January 1, 1940. Someone who prepared the question for use by members of this Committee arrived at the figure 822 by subtracting from the totals shown by the Tariff Commission all United States treaties and agreements. The implication apparently intended by the question is that all these 822 agreements were discriminatory. The implication is untrue in fact, because none of the United States agreements in this study were discriminatory. The United States agreements included wherever appropriate the unconditional most-favored-nation clause.

The implication apparently intended by using the term *bilateral* is one of discrimination. But the term *bilateral* as used by the Tariff Commission in this study merely distinguishes between those agreements to which only two nations are parties and those to which more than two nations are parties. The term *bilateral* as used here is a proper description for every one of our reciprocal trade agreements, which were actually included in the original study by the Tariff Commission.

Many of these agreements were discriminatory. In that class came all the exchange and compensation agreements forced by the Axis powers upon both their satellites and other nations compelled to continue their trade in some form.

But wherever those 822 agreements were made by countries with which we had reciprocal trade

agreements, they not only were bound but did in fact give us the benefit of those agreements if we were in any way concerned, and unless the terms came within a specific exception in our trade agreement.

It has been suggested here that no other country has adopted the reciprocal trade-agreement policy except us. Nothing could be further from the truth. The other evening, in conversation with a Britisher who had put into operation Britain's Import Tax Law in 1932, he called my attention to the fact that this original law contained a provision under which reciprocal reductions were negotiated with Sweden and Denmark in executive agreements effective in 1933. I then checked up and found that a large majority of the trading countries have similar provisions in their tariff acts, and use them. A list is available.

Some point was made of France as an example of a country where tariffs were revised after our French agreement was negotiated. A statement of that situation has been prepared, and introduced in the Record. I would say in general that the tariffs referred to have kept none of our goods out of France. Every exporter knows that his problem with France is one of quotas, and concessions in those are what we traded for with great success. So in the other cases the changes in tariffs or quotas if any were on items which did not greatly concern our exporters. At least the exporters think so.

Sterling Area Dollar Pool

I have told you that I was in charge for a year, and until very recently, of the Office of Wartime Economic Affairs of the Department of State.

Part of the job of that office was to receive and follow up the complaints of American businessmen concerning foreign restrictions on and discriminations against American export trade. We worked closely with the Foreign Economic Administration and the Department of Commerce.

Many complaints were received. All but a very small percent referred to one thing—the various ramifications of the Sterling Area Dollar Pool. That is serious, and I will discuss it in a moment. But the point I want to make first—and I can state it on my own knowledge on the basis of the experience I have described—is that aside from the ramifications of that one thing no serious complaint of discrimination against American export trade by any member of the United Nations or by any neutral has come to the attention of the State Department during the last year. Any complaint serious enough to require consultations with foreign governments would have come to us.

I come then to the thing that is serious—the so-called "dollar pool" operated in the Sterling Area.

First let me define the Sterling Area. The term came into use following 1931 to describe those countries which followed the British depreciation of that year, and which kept the external value of their currencies linked to the pound sterling rather than to gold. In this period the term had no legal significance, but was used merely as a convenient way to describe this group of countries. The group then included certain British countries, and also certain countries on the continent of Europe, namely Sweden, Finland, Norway, Estonia, Denmark, and Portugal.

A change came with the outbreak of the war. Regulation 10 of the (British) Defense Regulations of 1939 gave the British Treasury power to introduce exchange control in the United Kingdom, that is Great Britain and most of the colonies. Strict control, requiring that all foreign exchange be bought from the exchange authorities at the official rate, became effective in June and July 1940. The countries which took parallel action became the official Sterling Area. These countries as defined by the most recent Defense Order on the subject, October 19, 1944, are:

(a) The United Kingdom
(b) The Dominions, excluding Canada
(c) Any other part of His Majesty's Dominions excluding Newfoundland
(d) Any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by His Majesty's Government in the United Kingdom or in any Dominion
(e) Any British protectorate or protected state
(f) Egypt, the Anglo-Egyptian Sudan, and Iraq
(g) Iceland and the Faeroe Islands

It will be noted that neither Canada nor Newfoundland are members of the Sterling Area, while some non-British countries are. No country on the Continent of Europe is a member of the Sterling Area today. The recent currency arrangements between Great Britain on the one hand and France, Belgium, and Holland on the other pro-

vide for short-time loans of currency in both directions, but do not subject either country to the exchange controls operated by the other, and do not subject the continental countries to the Sterling Area regulations.

The wartime rules of the Sterling Area affecting dollars, and the reasons for them, are substantially as follows:

During the war, both before and after the passage of the Lend-Lease Act, and both before and after the inauguration of Canada's mutual-aid program, Great Britain and some other Sterling Area countries have had to make essential purchases of necessary goods in the United States and Canada, largely exceeding their available supplies of dollars. Other countries in the Sterling Area, because of their gold production or of our wartime expenditures, have had supplies of dollars exceeding their essential wartime needs. Therefore, to apply the dollars available in the whole area to the uses most essential to the prosecution of the war, all the dollar exchange originating anywhere in the Sterling Area has been put in one pool, administered by the British Treasury, and applies to the purposes deemed most essential. This has not reduced the total supply of dollars available to the Sterling Area, or the total purchases of American goods by all the Sterling Area countries taken as a group. It has applied the total dollar resources of the Area to war uses, and has reduced to that extent the drain of lend-lease on the American Treasury. I should add that part of my job involved policy questions on lend-lease, and I took part in the negotiation of the arrangements with the British on lend-lease policy for the calendar year 1945. This duty required me to study thoroughly the problem of the dollar pool.

The operation of these regulations has necessarily reduced the supply of dollars available to businessmen in certain Sterling Area countries for purchases in the United States of goods deemed non-essential, and has reduced the sales which American exporters might otherwise have made in those particular places. It has of course increased the sales to other places in the Sterling Area. An illustration will explain the operation.

India happens to be one of the Area countries which contributes an excess of dollars to the pool. Let us say that an Indian merchant sells a shipment of jute to a concern in the United States. Payment is made by dollar draft on a New York bank. The Indian merchant sells this draft, for rupees, to his bank in India, and the Indian bank sells it, for pounds sterling, to the Bank of England. Thus those particular dollars get into the pool. Now if another Indian merchant wants to buy a bill of goods from the United States he must apply to the exchange control for a license to buy the dollars to make payment, and to the import control, which backs up the exchange control, for a license to import the goods. Neither license will be granted unless the goods are essential to the war, and even if they are essential neither will be granted if they can be bought at somewhere near the American price from some other source which does not require payment in dollars. That sort of an experience, repeated many times, is the wartime situation that has faced American exporters.

The Government of the United States regards the general form and purpose of these regulations as appropriate and necessary to the successful prosecution of the war. Dollars in the Sterling Area are scarce, and they have had to be allocated to war uses like any other scarce commodity. That allocation has undoubtedly prevented waste, and reduced the total drain of lend-lease on the Treasury of the United States. But it is very easy to see why particular American exporters who have lost sales do not like the regulations or the system. Their complaints against it have been numerous and strong. It has been my business to investigate and take up with the British all cases where the legitimate purposes of the regulations seemed to have been exceeded. (Sample of Leather Belting Case.)

The victory in Europe will not end the need for regulations of this character, and will not end the regulations. Great Britain still has a war to fight against Japan, and so have we. So long as war requirements are supreme, and so long as dollars remain scarce in the countries of the Sterling Area, we may expect something like the present regulations to continue. As with any other scarce commodity in wartime, rationing and allocation can be lightened only as supply draws nearer to demand.

Looking forward to the peace, the Government of the United States strongly desires the end of these exchange controls affecting dollars. It is part of our commercial policy to see restored the right of foreign buyers to select their sources of supply, so that private industry can thrive and American goods and American exporters may com-

pete around the world upon the basis of their excellence and price. We think that such systems as the dollar pool, however necessary in wartime, are in peacetime restrictive of free competition on the basis of commercial values, restrictive therefore of free enterprise, and tend also to create international ill-will. We are therefore opposed to them in peacetime and want to see them ended as soon as practicable after the final victory. With this desire we are assured that the British Government agrees.

How soon after the final victory this can be done no one now knows. The fundamental problem is the scarcity of dollars in the hands of foreign owners. In some countries this will not be a problem. Many countries have more dollars than ever before in history. But in others, and Great Britain is one of them, and the Sterling Area outside of India, the probable balance of current post-war needs and trade is such that the supply of dollars may be considerably less than total needs for a considerable time. Whenever that is true, we may expect some form of rationing, and that means necessarily continuance of some foreign government control of trade, and restrictions on the opportunities of particular American exporters.

There are two fundamental steps which the United States can take to end this situation quickly:

First: We should adhere to the International Monetary Fund and the International Bank for Reconstruction and Development, and get those institutions operating just as soon as possible. The operations of the Bank, so far as it makes dollar loans, will make more dollars available to foreigners; and the main objective of the Fund is to end exchange control and make currencies convertible. I repeat what has been said by many witnesses before the Banking and Currency Committee—the Bank and Fund are both essential to the development of American commerce in the post-war world.

The *second* step which we can take is to pass the bill before you. That will let us reduce certain of our restrictions upon imports, and so permit American purchases of foreign goods and the resulting supply of dollars available to foreigners to rise, and at the same time give us the means to bargain for the reduction and removal of foreign barriers against the commerce of this country, of which exchange control in all its forms is one of the main items.

Provisional Organization For European Inland Transport

[Released to the press May 11]

An agreement was signed in London on May 8 by representatives of Belgium, France, Luxembourg, the Netherlands, Norway, the United States of America, and the United Kingdom of Great Britain and Northern Ireland establishing a provisional organization for European inland transport.

The governments signatory to this agreement have been in conference with the other United Nations governments interested in inland transport in Europe upon a draft agreement, the purpose of which is to establish an organization (the European Central Inland Transport Organization) capable of advising and guiding the governments and authorities concerned on the problems of coordinating the movement of traffic of international character and of rehabilitating the surface-transport system of Europe by railroad and waterways. Discussions upon this draft agreement are not yet complete, but, in view of the cessation of hostilities in Europe, the above-mentioned governments have agreed among themselves to bring the draft agreement, as the text now stands, provisionally into force in respect of the territories in continental Europe under their authority and control, and to set up a provisional organization for that purpose.

The provisional organization will be available to give any assistance which may be desired by the governments who are participating in the Conference but who are not signatories of the agreement of May 8. Discussions on the draft agreement will proceed, and it is hoped that it will soon be possible to complete this document and to bring into operation the European Central Inland Transport Organization.

Mr. Harry Hawkins, Economic Counselor to the Embassy in London, has been named the United States representative on the Provisional Council, and Mr. Thomas C. Blaisdell, Jr., Special Representative of the Foreign Economic Administrator in London, has been designated as his alternate. Brigadier General C. D. Young, Deputy Director of the Office of Defense Transportation, temporarily on leave for this assignment, has been designated as United States nominee on the Provisional Executive.

Limitation of the Production of Opium

EXCHANGE OF NOTES BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND MEXICO

The American Chargé d'Affaires ad interim to Mexico sent the following note, dated October 10, 1944, to the Minister for Foreign Affairs of Mexico:

EMBASSY OF THE UNITED STATES OF AMERICA
No. 3162 *México, D. F., October 10, 1944.*
EXCELLENCY:

Pursuant to instruction from the Department of State, I have the honor to transmit herewith a copy of Public Law 400, 78th Congress of the United States of America, approved on July 1, 1944, in regard to the limitation of the production of opium to the amount required for strictly medicinal and scientific purposes.

The Government of the United States is convinced that drug addiction and the illicit traffic in narcotic drugs should be eliminated, as they are destructive of health and injurious socially and economically, and that they can only be successfully combated at their source. It may be pointed out that even if most of the opium-producing countries were to make sacrifices for the common good by limiting production to an authorized proportion of the total quantity of opium required by the world for medical and scientific purposes and one country were to produce a large quantity of opium for non-medical purposes, such a reservoir would inevitably be drawn upon by illicit traffickers for their supplies.

The United States, which is one of the principal victims of the illicit traffic, has constantly, through its representatives at international conferences, carried on a vigorous campaign looking to the suppression of the abuse of narcotic drugs. Recognizing that production of opium over and above strictly medicinal needs is the fundamental cause of illicit traffic, the United States has been making every effort to persuade the poppy-growing countries of the world to reduce production. For this reason the United States has discouraged the planting of the opium poppy within its territories and possessions for the production of opium or opium products, and whenever opportunity has offered has discouraged production in this hemisphere.

My Government is aware, of course, that the laws of Mexico prohibit the cultivation of the opium poppy. Notwithstanding this prohibition, however, illicit cultivation of the opium poppy and production of opium have gradually increased in recent years in the states of Sinaloa, Sonora, Chihuahua and Durango. It was gratifying to my Government to observe that Your Excellency's Government perceived the dangers inherent in the situation and took energetic measures early this year to destroy a considerable proportion of the illegal poppy fields. Your Excellency will recall the recent conversations I have had the honor of having with you in this regard. My Government now ventures to express the hope that the Government of Mexico will continue to make every effort to discourage and prevent the planting of opium poppies within its territories and that if any are grown, it will organize a campaign for their destruction.

The Government of the United States appreciates the cooperation of Your Excellency's Government in efforts which are being made to suppress the illicit traffic of narcotic drugs between Mexico and the United States and on its part offers to the Mexican Government any assistance which it may appropriately render towards the solution of the opium problem.

Please accept [etc.]

HERBERT S. BURSLEY
Chargé d'Affaires ad interim

His Excellency
Señor Dr. EZEQUIEL PADILLA,
Minister for Foreign Affairs,
México, D. F.

Translations of notes nos. 561070, dated October 26, 1944 and 50577, dated January 11, 1945, from the Ministry of Foreign Affairs, replying to the note of the American Chargé d'Affaires ad interim, follow:

561070 MÉXICO, D.F., *October 26, 1944*
MR. CHARGÉ D'AFFAIRES:

I have the pleasure to refer to the Embassy's courteous note no. 3162, dated October 10, 1944, and to inform you that I have already communi-

cated with the Ministry of Public Health and Assistance, transmitting to it the text of the note to which I now have the pleasure to reply and asking it to be kind enough to inform this Ministry regarding the measures which the Government of Mexico proposes to take in order to discourage and stop the cultivation of the opium poppy within the territory of the Republic.

In informing you that as soon as information is received concerning the above-mentioned matter I shall take pleasure in transmitting it to you, I avail myself [etc.].

MANUEL TELLO

Señor HERBERT S. BURSLEY
Chargé d'Affaires, ad interim
of the United States of America.
México, D.F.

50577 MÉXICO, D.F., *January 11, 1945*

MR. AMBASSADOR:

I have the honor to refer to the Embassy's courteous note no. 3162, dated October 10, 1944, and to inform you that the Ministry of Public Health has informed me that at the present time the greatest possible action is being taken to suppress the illicit traffic in narcotic drugs as well as in the cultivation of the opium poppy and all the other aspects of that illegal traffic.

The same Ministry states that at the present time the Inspectors of the Federal Narcotic Police are making a tour of the various frontier states of the north of Mexico, accompanied by Señor Salvador C. Peña, Representative of the Treasury Department of the Government of the United States, as well as that among its plans for work are included intense campaigns in the aspect above mentioned, whose success indicates that in the future the solution of this important problem will be arrived at.

I avail myself [etc.] MANUEL TELLO

His Excellency
GEORGE S. MESSERSMITH,
Ambassador of the United States,
México, D. F.

Presentation of Letters of Credence by the Argentine Ambassador

[Released to the press May 8]

The translation of the remarks of the newly appointed Ambassador of the Argentine Republic, Dr. Oscar Ibarra García, upon the occasion of the presentation of his letters of credence, May 8, 1945, follows:

MR. PRESIDENT: I have the honor to deliver to Your Excellency the letters of recall of my distinguished predecessor and those by which my Government accredits me as Ambassador Extraordinary and Plenipotentiary of the Argentine Republic near Your Excellency's Government.

At this hour in which plans are being made for the peace and the future well-being of humanity, I have come with the special mission of conveying to you the resolution of my Government to cooperate without reservation in the attainment of such high purposes.

For my part, I shall not spare efforts to confirm the sentiments of admiration and fraternal friendship of the people and the Government of my country for this great Republic of the north to which we have been bound by ties which time will strengthen until they are indestructible.

You are the successor of a man for whom the heroic flag of the United States still flies at half-mast. We know in America the ideals proclaimed by him with the eloquence of his words and deeds, of his life and death. We know that you have assured your countrymen and all those who love peace and freedom that you will support those ideals with all your strength and with all your heart.

We think as you, Mr. President, that if wars are to be prevented in the future the peace-loving nations must remain united in their resolve to maintain peace under the rule of right, and that, in the name of human decency and civilization, a more rational recourse than that of force must be found to settle international differences.

Since my Government and my fellow citizens are conscious of the tremendous effort which the United Nations, with your noble people, are putting forth in that sense, I have come to declare to you our solidarity and firm purpose of collaboration.

Meanwhile accept, Excellency, the good wishes which I formulate in the name of the people and Government of the Argentine Nation for the great-

ness and prosperity of the United States of America, in this great day of the victory of the Allied arms, and for the realization of their great ideals.

The President's reply to the remarks of Señor Ibarra García follows:

MR. AMBASSADOR: I take pleasure in receiving from Your Excellency the letters which accredit you as Ambassador Extraordinary and Plenipotentiary of the Argentine Republic, and to accord you recognition in that capacity. In receiving at the same time the letters of recall of your distinguished predecessor, I extend to you a cordial welcome and trust that you may find your stay in this country a happy one.

I thank you for your generous reference to our late beloved President. You may be assured that the ideals which he so eloquently proclaimed and so staunchly defended will continue to guide and inspire the Government and people of this country. I for my part shall do all in my power to further those ideals and those principles, for which we have fought and which we still are fighting to defend and to perpetuate. I am convinced that this is also the aspiration of all freedom-loving peoples everywhere.

In the great task that lies before us, as you have well said, it must be the common resolve of all peace-loving nations that ways and means shall be found to prevent the scourge of war and to settle international differences by a more rational recourse than that of force. In the consummation of this historic undertaking for the future well-being of all mankind, I welcome the assurance of solidarity and cooperation which you have just given me in the name of your country.

In welcoming you to this country I am also deeply appreciative of the personal sentiments that you have just expressed. I can assure you that you will find every disposition on the part of the officials of this Government and of the people of this country to facilitate your mission in every way.

Visit of Costa Rican Librarian

[Released to the press May 12]

Señor Julian Marchena, Director of the National Library of Costa Rica at San José, is on a visit to the United States as a guest of the Department of State. He will make a study of various types of libraries in this country, both public and private, in small towns as well as in cities. He is particularly interested in the Hispanic Foundation of the Library of Congress.

The National Library of Costa Rica, of which he has been director for the past seven years, has some 80,000 volumes, including an interesting collection of Costa Rican and other Central American periodicals of the past century. Colonial books and documents are housed in the National Archives, also at San José. Special methods in the care of books, their circulation, and library organization in general are among the things that Señor Marchena will study while visiting libraries of the United States. He is an author as well as a librarian. His most recent work is a book of poems entitled *Alas en Fuga.*

Travel to Bermuda

[Released to the press May 10]

The Department of State has been informed by the interested authorities that there is no further objection to the travel to Bermuda of persons (this does not apply to the dependents of personnel of the naval establishment stationed in Bermuda) who own residences there or who desire to travel for *bona-fide* business reasons. Consequently, the Department will consider passport applications for persons in those categories. It is not possible to consider favorably the case of applications of tourists and other casual visitors.

It is pointed out that this relaxation of the restrictions on travel to Bermuda contemplates only the use of available space on existing transportation facilities and does not imply added transportation commitments.

Visit of Brazilian Authority On Tropical Medicine

[Released to the press May 9]

Henrique da Rocha Lima, Director of the Biological Research Institute at São Paulo, Brazil, is conferring with scientists and technicians in this country specializing in agricultural, microbiological, and pathological research, as the guest of the Department of State. Dr. Rocha Lima has an international reputation in the field of tropical medi-

cine, as he was professor of tropical medicine at the University of Hamburg, Germany, and was also on the faculty of Oswaldo Cruz Institute at Rio de Janeiro before accepting his present post at São Paulo.

While in this country, he will demonstrate some of his personal research regarding exanthematic typhus, yellow fever, and other tropical diseases.

Visit of Dominican Communications Official

[Released to the press May 11]

Señor M. E. Nanita, Director General of Communications of the Dominican Republic, is making a survey of radiocommunication methods while in this country as guest of the Department of State. Señor Nanita will visit the National Broadcasting Company in New York and will study its methods of administration, publicity, and preparation and recording of programs. His tour will also include Rocky Point, Bound Brook, and the radiogoniometric experimental station at Boston. He will make a special study of teletype methods.

The new Palace of Communications at Ciudad Trujillo, in which the Dominican Secretariat of Communications is housed, was opened officially on February 26 of this year. Señor Nanita supervises the activities of all Dominican radio stations that broadcast to the general public. He is especially interested at present in inaugurating a series of broadcasts in connection with the Columbus Lighthouse, a pan-American monument to Christopher Columbus, construction of which has been delayed by the war but will begin soon.

THE CONGRESS

Investigation of Civilian Employment. Report of the Committee on the Civil Service, House of Representatives, Seventy-ninth Congress, first session, pursuant to H. Res. 66, a resolution to authorize the Committee on the Civil Service to investigate various activities in the departments and agencies of the Government. H. Rept. 514, 79th Cong. ix, 56 pp. [Department of State pp. 43, 44, 51, 52, 56.] Appendix, xv, 110 pp. [Department of State pp. 20, 21, 50, 51.]

Departments of State, Justice, Commerce, the Judiciary, and the Federal Loan Agency Appropriation Bill, 1946. H. Rept. 520, 79th Cong., to accompany H. R. 2603. 9 pp.

Correcting an Error in Section 342 (B) (8) of the Nationality Act of 1940, as Amended. H. Rept. 529, 79th Cong., to accompany H. R. 3087. 2 pp.

Post-War Economic Policy and Planning. Sixth Report of the House Special Committee on Post-War Economic Policy and Planning pursuant to H. Res. 60, a resolution authorizing the continuation of the Special Committee on Post-War Economic Policy and Planning, the Post-War Foreign Economic Policy of the United States. H. Rept. 541, 79th Cong. iv, 57 pp.

International Air Transport Policy. Letter from the Attorney General of the United States transmitting, pursuant to the provisions of section 205 of the War Mobilization and Reconversion Act, approved October 3, 1944, a report by the Attorney General on international air transport policy. H. Doc. 142, 79th Cong. ix, 45 pp.

An Act To enable the Department of State, pursuant to its responsibilities under the Constitution and statutes of the United States, more effectively to carry out its prescribed and traditional responsibilities in the foreign field; to strengthen the Foreign Service permitting fullest utilization of available personnel and facilities of other departments and agencies and coordination of activities abroad of the United States under a Foreign Service for the United States unified under the guidance of the Department of State. Approved May 3, 1945. [H. R. 689] Public Law 48, 79th Cong. 5 pp.

An Act Making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1946, and for other purposes. Approved May 3, 1945. [H. R. 1984] Public Law 49, 79th Cong. 33 pp.

PUBLICATIONS

Department of State

International Civil Aviation Conference, Chicago, Illinois, November 1 to December 7, 1944, Final Act and Related Documents. Conference Series 64. Publication 2282. iii, 284 pp. 45¢.

The Economic Basis for Lasting Peace. Address by Edward R. Stettinius, Jr., Secretary of State, Chicago, April 4, 1945. Conference Series 69. Publication 2322. 19 pp. 10¢.

Haitian Finances: Supplementary Agreement Between the United States of America and the Republic of Haiti—Signed at Port-au-Prince November 9, 1944. Executive Agreement Series 440. Publication 2285. 6 pp. 5¢.

Double Taxation, Estate Taxes and Succession Duties: Convention Between the United States of America and Canada—Signed at Ottawa June 8, 1944; proclaimed by the President of the United States of America March 6, 1945; effective June 14, 1941. Treaty Series 989. 10 pp. 5¢.

U. S. GOVERNMENT PRINTING OFFICE: 1945